

JAN 14 2004

**FEDERAL ELECTION COMMISSION**  
999 E Street, N.W.  
Washington, D.C. 20463

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FEDERAL ELECTION  
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**FIRST GENERAL COUNSEL'S REPORT**

2004 JAN 14 P 4: 30

RE: MUR 5026  
DATE COMPLAINT FILED: 6/9/00  
DATES OF NOTIFICATION: 6/15/00, 2/14/02  
DATE ACTIVATED: 12/7/01

EXPIRATION OF STATUTE OF  
LIMITATIONS: 6/1/05

**SENSITIVE**

COMPLAINANT: David Plouffe, Executive Director, Democratic Congressional Campaign Committee

RESPONDENTS: Dick Zimmer  
Zimmer 2000, Inc. and Maria Chappa, as treasurer  
Citizens for Tax Reform  
Jamestown Associates  
Larry Weitzner  
Fox Media Consulting  
Tom Blakely  
Megan Jencik

RELEVANT STATUTES: 2 U.S.C. § 434  
2 U.S.C. § 441a(a)(1)  
2 U.S.C. § 441a(a)(3)  
2 U.S.C. § 441a(f)  
2 U.S.C. § 441b

INTERNAL REPORTS CHECKED: Disclosure Reports

FEDERAL AGENCIES CHECKED: Internal Revenue Service

**I. INTRODUCTION**

This matter concerns alleged coordination involving a Congressional campaign and a number of entities and individuals in connection with radio advertisements linking the candidate's Congressional opponent with an organization that purportedly condoned hatred and intolerance. It does not appear that these advertisements contained express advocacy. Based on the available information showing a number of actual and reported interrelationships between

1 and among the alleged participants in the advertisement activity and the absence of explicit  
2 denials in the responses, an investigation is warranted to determine if the advertisements were  
3 coordinated with the campaign and resulted in violations of the Act. For the reasons discussed  
4 below, this Office recommends that the Commission make reason to believe findings against  
5 Zimmer 2000, Inc. and Maria Chappa, as treasurer; Citizens for Tax Reform; Jamestown  
6 Associates; Larry Weitzner; Fox Media Consulting; Tom Blakely; and Megan Jencik. This  
7 Office further recommends that the Commission take no action against Dick Zimmer at this time.

## 8 **II. BACKGROUND**

### 9 **A. Identification of the Respondents**

10 Because the relationships between and among the Respondents form the basis for the  
11 coordination allegations, this Office believes it would be helpful to briefly identify each of the  
12 Respondents.<sup>1</sup>

13 Respondent Dick Zimmer ("Zimmer") was a candidate in the 2000 Republican primary  
14 for a seat in New Jersey's 12th Congressional District. Respondent Zimmer 2000, Inc. ("Zimmer  
15 2000" or "Committee") was his authorized committee for that race.

16 Respondent Jamestown Associates ("Jamestown") reportedly served as Zimmer 2000's  
17 primary campaign consultant, providing a variety of services, including general campaign  
18 strategy, media, advertising and direct mail.<sup>2</sup> HOUSE RACE HOTLINE, *Recent Consultant Sign-*  
19 *ons and Staff Changes*, January 4, 2000; House Race Hotline, *Primary Preview – Consultant*  
20 *Watch*, June 6, 2000; HOUSE RACE HOTLINE, *Freshman (19R, 23D) – New Jersey 12: Six*

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<sup>1</sup> See Respondent Chart at Attachment 1.

<sup>2</sup> The FEC disclosure reports filed by Zimmer's previous campaign committees indicate that Jamestown and Weitzner also provided consulting services for the candidate's 1992 and 1994 congressional campaigns and his 1996 senate campaign

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1 *Degrees of Separation from Indie Ads?*, June 5, 2000 (hereinafter June 5, 2000 *HOTLINE* article);  
2 *TRIBUNE* article.<sup>3</sup> Jamestown, founded by Respondent Larry Weitzner ("Weitzner"), its  
3 President, operates as a full-service "political" consulting firm; one of its current Senior Vice  
4 Presidents is Respondent Tom Blakely ("Blakely"). See [www.jamestownassociates.com](http://www.jamestownassociates.com).<sup>4</sup>  
5 Records obtained from the New Jersey Department of Revenue and the State Treasurer's Office  
6 show that Blakely is the registered agent for Respondent Fox Media Consulting ("Fox Media"),  
7 the advertising agency reportedly responsible for placing the advertisements at issue in this case.<sup>5</sup>  
8 Aron Pilhofer, *Ex-aide of Zimmer Linked to Ads*, HOME NEWS TRIBUNE, June 3, 2000  
9 (hereinafter *TRIBUNE* article); Susan Livio, *Pappas Calls Zimmer on Ad Linking Him to Klan*,  
10 THE STAR-LEDGER, June 2, 2000 (hereinafter June 2, 2000 *STAR-LEDGER* article). Fox Media's  
11 only available address--199 Nassau Street, Princeton, New Jersey—reportedly was shared with  
12 Jamestown. *TRIBUNE* article; June 2, 2000 *HOTLINE* article. Although Zimmer 2000 reportedly  
13 denied that Blakely worked on the campaign, Blakely reportedly issued statements on its behalf  
14 and was described by the press as Zimmer's "campaign consultant." John Bresnahan and Rachel  
15 Van Dongen,<sup>6</sup> *New Jersey Primary Splits House Leaders*, ROLL CALL, Dec. 2, 1999.

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<sup>3</sup> All press articles referred to in this report may be found at Attachment 2.

<sup>4</sup> Information obtained from Dun & Bradstreet lists Weitzner as Jamestown's sole "member." The company was registered with New Jersey's Office of Secretary of State as a limited liability company in 1995. It is not known whether Jamestown files with the IRS as a partnership or as a corporation. Documents obtained from New Jersey's Division of Revenue and the Secretary of State's Office, which included the Certificate of Formation, shed no light on this issue.

<sup>5</sup> Fox Media was incorporated as a limited liability company in New Jersey on December 3, 1999. Documents provided by New Jersey's Division of Revenue and the State Treasurer's Office give no indication as to whether Fox Media files with the IRS as a partnership or as a corporation. Fox Media's Certificate of Formation was executed and filed by Bruce Lubitz, Esq., who is also the registered agent for Jamestown.

<sup>6</sup> While the FEC disclosure reports for Zimmer 2000 record disbursements to Jamestown and Jencik, they do not show individual payments to either Weitzner or Blakely. It appears from disclosure reports filed in 1996 that Blakely provided consulting services to the 1996 Zimmer for Senate Committee.

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Respondent Megan Jencik ("Jencik") reportedly arranged with Fox Media to place the subject advertisements on behalf of Respondent Citizens for Tax Reform ("CTR"). *TRIBUNE* article; Susan Livio, *Democrats File Charges Against Zimmer Over Radio Ad Campaign*, THE STAR-LEDGER, June 9, 2000 (hereinafter June 9, 2000 *STAR-LEDGER* article). Disclosure reports show that Zimmer 2000 paid Jencik, presumably as a Jamestown employee, \$14,750 for consulting services provided from August 1999 through April 20, 2000. See Zimmer 2000's 1999 Mid-Year, 1999 Year-End, 2000 April Quarterly and 2000 12-Day Pre-Primary Reports. According to press reports, Jencik left the Zimmer 2000 campaign at some point in April of 2000 "to be an independent media buyer." June 5, 2000 *HOTLINE* article.

CTR reportedly sponsored the advertisements in question. June 2, 2000 *STAR-LEDGER* article; *TRIBUNE* article; HOUSE RACE HOTLINE, *Freshman (19R, 23D) - New Jersey 12: Pappas Tries to Link KKK Ads to Zimmer*, June 2, 2000 (hereinafter June 2, 2000 *HOTLINE* Article); June 9, 2000 *STAR-LEDGER*. There is no publicly available information relating how, when, where or by whom CTR was formed, how it operated or whether it is still in existence.<sup>7</sup>

<sup>7</sup> A search of publicly available sources has uncovered only one published item that mentions CTR; it is listed as a coordinating organization for Americans for Tax Reform's 1997 State Taxpayer Protection Pledge. This item also provides a New Jersey address for CTR, which appears to be the home address of its purported spokesman, John Sheridan. *State Taxpayer Protection Pledge Listing of State Organizers as of October 14, 1997* <http://home.southwind.net/~ktn/statepledge.html> It is possible that CTR may be affiliated with a non-profit corporation called New Jersey Citizens for Tax Reform, Inc. ("NJCTR") NJCTR was incorporated in October of 1997 with John Sheridan listed as the incorporator and member of the Board of Trustees. Sheridan has also apparently served as the group's Director, President and spokesman. Bernadette Malone, *Conservatives Hopes for Off-Year Elections*, Policy Review, September-October, 1997, Number 85, <http://www.policyreview.org/sept97>; *Tobacco Control Update 1998*, [www http://www.ndsn.org/FEB98/tobacco2](http://www.ndsn.org/FEB98/tobacco2); John Donahoe, *The Great Rebater's Critics Say Economy Can Change*, THE STAR-LEDGER, Jan. 13, 1999. Publicly available documents indicate that Sheridan operated NJCTR out of his home in Bound Brook, New Jersey. NJCTR's Certificate of Incorporation; *National Taxpayer Union and NTU Foundation*, [wysiwyg://67/http://www.ntu.org](http://www.ntu.org); *List of Taxpayer Protection Pledge State Organizations as of October 14, 1997*. <http://home.southwind.net/~ktn/statepledge.html>.

**B. Factual Background**

Mike Pappas ("Pappas") opposed Zimmer for the 2000 Republican nomination in New Jersey's 12<sup>th</sup> Congressional District. The subject advertisements began running on at least two New York City radio stations, WOR Radio Network and WCBS-FM, in the week immediately prior to the June 6, 2000 primary election.<sup>8</sup> June 2, 2000 *HOTLINE* article; June 2, 2000 *STAR-LEDGER* article. According to the press, the advertisements in question stated "[t]here is no room in America for hatred and intolerance. Tell Mike Pappas to resign from the Pillar of Fire, and never work for that type of organization again."<sup>9</sup> June 2, 2000 *STAR-LEDGER* article.

Press reports stated that CTR sponsored these advertisements; the press variously described CTR as a "stealth" pac, a "front group," and a "shadow organization." *TRIBUNE* article; June 2, 2000 *STAR-LEDGER* article; June 9, 2000 *STAR-LEDGER* article. CTR's purported spokesman, John Sheridan, reportedly refused to reveal how much the group spent on the advertising campaign or who was underwriting its costs. *TRIBUNE* article. He is, however, quoted in the press as saying that he hired Blakely to "buy the air time for the ad." June 5, 2000 *HOTLINE* article; *TRIBUNE* article. Jencik, reportedly identified on one New York radio station's billing statement as a "consultant" representing CTR, signed the purchase order dated May 31, 2000. June 9, 2000 *STAR-LEDGER* article, June 5, 2000 *HOTLINE* article. According to one press

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<sup>8</sup> Although the complaint references only radio advertisements, the press mentioned a district-wide mailing that, like the radio advertisements, referred to Pappas' alleged connections with the Pillar of Fire's International Christian Church. Without elaboration, the article contended that Jamestown and CTR were responsible for the mailing. *TRIBUNE* article. We plan to investigate whether any of the respondents were connected to the issuance of such a mailing.

<sup>9</sup> The advertisements were reportedly a veiled attempt to link candidate Pappas and the Ku Klux Klan through the Pillar of Fire's International Christian Church. *TRIBUNE* article, June 2, 2000 *STAR-LEDGER*, June 2, 2000 *HOTLINE* article. (the Pillar of Fire's International Christian Church's turn of the century founder reportedly was a supporter of the Ku Klux Klan. According to the press, the Church officially condemned such support in 1997. Pappas reportedly attended a high school affiliated with the institution and at one point worked as a fundraiser for the Church.)

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1 report, Jencik was then still listed as an employee on Jamestown's website, although the Zimmer  
2 campaign reportedly issued a statement saying that Jencik had "left the consulting firm" and the  
3 campaign by that time to become "an independent media buyer." June 5, 2000 *HOTLINE* article;  
4 June 9, 2000 *STAR-LEDGER* Article; *TRIBUNE* article.

5 Zimmer and Zimmer 2000 reportedly denounced the subject advertisements and "denied  
6 any knowledge of [them] and any contact with the [sponsoring] organization." June 2, 2000  
7 *HOTLINE* article. John Sheridan, CTR's purported spokesman, reportedly stated that he didn't  
8 "know who bought the radio ad or whether there was a link to the Zimmer campaign." June 2,  
9 2000 *STAR-LEDGER* article. Another press report, however, quoted Sheridan as saying that the  
10 advertisement was "produced and paid for by his organization without any involvement of the  
11 Zimmer campaign." June 5, 2000 *HOTLINE* article.

12 In addition to the alleged and reported associations among the Respondents discussed  
13 above, this Office has uncovered additional connections between and among them. For example,  
14 it appears that CTR's purported spokesman, John Sheridan, may have worked in the past with  
15 Respondents Zimmer and Weitzner. Beginning in 1994, Sheridan reportedly served as a "key  
16 member," director and spokesman for an anti-tax group called Hands Across New Jersey  
17 ("HANJ"), which is registered with the New Jersey Election Law Enforcement Commission.<sup>10</sup>  
18 Joe Donohue, *Hands Across N.J. Official Denies Partisanship*, THE STAR-LEDGER, September  
19 18, 1994; Laura Meckler, *Mysterious Group Raking Bradley on Campaign Finance*, ASSOCIATED  
20 PRESS, January 31, 2000; John Mintz, *Anti-Bradley Ad Said to Have Secret N.J. Backers*, THE

<sup>10</sup> Although some sources indicate that HANJ may have ceased formal operations at some point in 2000, it appears that the group, with Sheridan at the helm, may have been running anti-Bradley ads during the 2000 presidential election. Laura Meckler, *Mysterious Group Raking Bradley on Campaign Finance*, ASSOCIATED PRESS, January 31, 2000; John Mintz, *Anti-Bradley Ad Said to Have Secret N J Backers*, THE RECORD, January 31, 2000; <http://appenn.org/issueads/Hands%20Across%20New%20Jersey.html>

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1 RECORD, January 31, 2000. Press reports indicate that Zimmer worked with HANJ members on  
2 several anti-tax programs in the mid-1990's, including serving as a co-sponsor of a tax cut  
3 petition initiative launched by HANJ in February 1994; Zimmer reportedly also had interactions  
4 with HANJ through the Coalition for Lower Taxes ("CLT"), a group for which he served as  
5 chairman and Weitzner served as political coordinator.<sup>11</sup> Brett Pulley, *At One Office, Intricate*  
6 *Links in New Jersey's GOP Funds*, THE NEW YORK TIMES, July 8, 1996 (hereinafter *NEW YORK*  
7 *TIMES* article) article; Dunstan McNichol, *Whitman Endorses Campaign for Tax Cut*, THE  
8 RECORD, June 10, 1994; Lenny Melisurgo, *Hands Launching Petition Drive for Tax Cut*, THE  
9 STAR-LEDGER, February 13, 1994.

10 Moreover, it appears that Zimmer 2000 shared the same address as Fox Media and  
11 Jamestown. Zimmer provided 199 Nassau St., Princeton, N.J. as his address in his Statement of  
12 Candidacy dated March 10, 1999, and it is where his 2000 congressional committee, as well as  
13 his 1996 senatorial committee, was located during the duration of the campaign. Although some  
14 press reports indicate that Jamestown may have moved from 199 Nassau St. at approximately the  
15 same time that the subject radio advertisements aired, Zimmer 2000 continued to identify 199  
16 Nassau Street in its disclosure reports as Jamestown's address throughout the 2000 campaign.

17 Other than Fox Media's reported involvement in the subject radio advertisements, this  
18 Office could find no information indicating that Fox Media has had any other clients other than  
19 CTR or that it worked on any other advertising campaigns. Very much like the sponsoring  
20 organization, CTR, Fox Media appears to have had little existence apart from the subject radio  
21 advertisements.

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<sup>11</sup> CLT appears to have shared space with Jamestown. Both the group and Jamestown were located at 741 Alexander Road, Princeton, New Jersey and then at 199 Nassau St, Princeton, New Jersey at around the same time See MUR 4238, Designation of Counsel form for CLT dated February 2, 1997.

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1 The complaint alleged that the advertisements “were a project of the Zimmer campaign,”  
2 and indicated that the expenditures associated with them were coordinated in-kind contributions.  
3 Relying largely on the *TRIBUNE* article, the complaint contended that Jencik, who had ties to the  
4 campaign and Jamestown, placed the advertisements with Fox Media for CTR. The complaint  
5 further asserted that Fox Media appeared to be “an arm of Jamestown,” because of Jencik’s  
6 reported ties with Jamestown, because Fox Media’s agent reportedly was Tom Blakely, a  
7 Jamestown partner, and because Fox Media and Jamestown shared the same address.<sup>12</sup>

8 Zimmer and Zimmer 2000 responded to the complaint through counsel in separate but  
9 identical letters. These Respondents stated that the complaint should be dismissed as a matter of  
10 law, in part because it failed to allege or present any evidence that the radio advertisements  
11 contained express advocacy. Additionally, Zimmer and Zimmer 2000 asserted that the  
12 coordination outlined in the complaint did not rise to the level required under applicable law to  
13 convert issue advocacy advertising into “contributions.” Specifically, the responses asserted that  
14 there was no evidence that the campaign and CTR “engaged in any negotiation or had substantial  
15 contacts regarding the advertisements at issue.” These Respondents noted that one of the articles

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<sup>12</sup> As additional support for its allegations, the complaint asserted that Zimmer used similar tactics during his 1996 campaign for the United State Senate, namely attacking an opponent using unregulated organizations. Allegations relating to these activities were the subject of MUR 4238. On May 14, 1996, the Commission found no reason to believe that certain respondents, including Zimmer, Zimmer for Senate and Weitzner, violated the Act in regard to these activities. The targets of these communications, including Zimmer’s then undeclared opponent, were all members of the New Jersey State Senate and the issues discussed in the advertisements were non-federal in nature. A newspaper article, which generally purported to describe the use of outside groups by Zimmer in 1996, was enclosed with the complaint in this matter. *NEW YORK TIMES* article.

The complaint also asserted that Zimmer 2000’s use of an unregulated organization to run the radio advertisements was barred by *FEC v Cal Democratic Party*, 13 F. Supp. 2d 1031, 1034-35 (E D. Calif. 1999) (court held that the California Democratic Party violated the Act by transferring non-federal funds to an initiative group to conduct voter registration and GOTV activities with knowledge that the group would use the funds to increase the number of voters who would vote for Democratic candidates, including Democratic candidates for federal office). This case has little relevance to the instant matter, given that only political committees which collect non-federal funds, such as political party committees, separate segregated funds and, in some cases, non-connected committees were required to adhere to the allocation regulations at issue in *FEC v Cal Democratic Party*

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1 attached to the complaint contained a statement from John Sheridan, the purported spokesman  
2 for CTR, denying any connection to the campaign.

3 Weitzner, Blakely and Jencik responded in separate but identical letters.<sup>13</sup> All three  
4 asserted that the complaint should be dismissed because "it appears to be nothing more than a  
5 political effort to create a controversy and generate headlines." The responses contended that the  
6 complaint failed to present evidence that the advertisements at issue contained express advocacy  
7 and that the alleged coordination was not sufficient to convert issue advocacy advertisements into  
8 contributions. The responses also pointed out that CTR denied in the press that there was any  
9 connection between its advertising campaign and Zimmer 2000. CTR did not submit a response  
10 to the complaint.<sup>14</sup>

11 **C. Analysis**

12 The Act provides that expenditures made "in cooperation, consultation, or concert, with,  
13 or at the request or suggestion of, a candidate, his authorized political committees, or their  
14 agents, shall be considered to be a contribution to such candidate . . . ." 2 U.S.C.  
15 § 441a(a)(7)(B)(i). *See also Buckley v. Valeo*, 424 U.S. 1, 46 (1976) ("controlled or coordinated  
16 expenditures are treated as contributions").<sup>15</sup> The Commission's regulations during the

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<sup>13</sup> Jamestown and Fox Media did not respond separately from Weitzner and Blakely

<sup>14</sup> The respondent Weitzner was erroneously identified as the contact for both CTR and Jamestown and was sent CTR's notification letter. On February 14, 2002 a new notification letter was sent to CTR in care of Sheridan, who, according to press reports, served as the spokesman for the organization. *TRIBUNE* article; June 2, 2000 *STAR-LEDGER* article, June 2, 2000 *HOTLINE* article. A search of public sources relating to this organization did not reveal the names of any corporate officers or other administrative personnel.

<sup>15</sup> The facts relative to this matter occurred prior to the effective date of the Bipartisan Campaign Reform Act of 2002 ("BCRA") Pub. L. No. 10-55, 116 Stat. 81. (2002). Unless specifically stated to the contrary, all citations to the FECA, codified at 2 U.S.C. §§ 432 *et seq*, and all statements of applicable law herein, refer to the FECA and its implementing regulations as they existed prior to the effective date of BCRA

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1 applicable period provided that an expenditure made in coordination with a candidate's campaign  
2 would be presumed to be an in-kind contribution to that campaign when it is "made by or  
3 through any person who is, or has been, authorized to raise or expend funds, who is or has been,  
4 an officer of an authorized committee, or who is, or has been receiving any form of compensation  
5 or reimbursement from the candidate, the candidate's committee or  
6 agent." 11 C.F.R. § 109.1(b)(4)(i)(B).<sup>16</sup>

7 In the context of expenditures made by outside groups that were not political party  
8 committees during the time period applicable to this matter, the Commission considers the  
9 potential coordination under the standards set forth in *FEC v. Christian Coalition*, 52 F. Supp.2d  
10 45 (D.D.C. 1999) ("*Christian Coalition*"). In that case, the district court discussed two general  
11 ways in which coordination could occur: first, "expressive coordinated expenditures made at the  
12 request or the suggestion of the candidate or an authorized agent" would be considered  
13 coordinated; and second,

14 absent a request or suggestion, an expressive expenditure becomes  
15 "coordinated" where the candidate or her agents can exercise control over,  
16 or where there has been substantial discussion or negotiation between the  
17 campaign and the spender over, a communication's: (1) contents; (2)  
18 timing; (3) location, mode or intended audience (e.g., choice between  
19 newspaper or radio advertisement); or (4) "volume" (e.g., number of  
20 copies of printed materials or frequency of media spots).  
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<sup>16</sup> On December 6, 2000, 11 C.F.R. § 109.1 was amended in part by revising certain paragraphs, including 11 C.F.R. § 109.1(b)(4), on which the Complainant relies. This particular regulation was revised to eliminate any presumption of coordination based on overbreadth concerns. *See Explanation and Justification for Regulations on General Public Political Communications Coordinated With Candidates and Party Committees, Independent Expenditures*, 65 Fed. Reg. 76138, 76145 (Dec. 6, 2000). Subsequently, the Commission approved new regulations regarding coordinated public communications codified at 11 C.F.R. § 100.23, which became effective on May 9, 2001. *See* 66 Fed. Reg. 23,537 (May 9, 2001). BCRA repealed 11 C.F.R. § 100.23 and on December 5, 2002, the Commission approved new coordination regulations. Newly promulgated 11 C.F.R. § 109.20(a) defines "coordinated" to mean "made in cooperation, consultation or concert with, or at the request or suggestion of, a candidate, the candidate's authorized committee, a political party committee, or the agents of any of the foregoing."

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1 *Id.* at 92. The court also found that coordination might be established if an individual had a  
2 certain level of decision-making authority for both the spender and the campaign and the spender  
3 made the expressive expenditures to assist the campaign.<sup>17</sup> *Id.* at 96-97.

4 As discussed above, the available information indicates that there were various  
5 connections between and among the Respondents. CTR's purported spokesman, Sheridan, has  
6 been quoted in the press as variously stating that he did not know who bought the radio  
7 advertisements, that he did not know whether there was a link to the Zimmer campaign, and that  
8 the advertisements were "purchased and paid for by his organization without any involvement of  
9 the Zimmer campaign." Compare June 2, 2000 *STAR-LEDGER* article with June 5, 2000 *HOTLINE*  
10 article; see *TRIBUNE* article. These reported statements are inconsistent and bear additional  
11 scrutiny. Moreover, even if there were no direct involvement by the candidate or staff of the  
12 Zimmer campaign, it appears that Zimmer 2000's agent, Jamestown, the campaign's primary  
13 political consultant, is linked with Fox Media, the entity reportedly placing the advertisements,  
14 through Blakely, a Jamestown partner and Fox Media's registered agent. In addition, Jencik  
15 previously served as a consultant to the Zimmer campaign and reportedly was still listed as a  
16 Jamestown employee on its website at the time she reportedly arranged with Fox Media, on

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<sup>17</sup> As noted previously, the advertisements at issue do not appear to contain "express advocacy." Expenditures coordinated with campaigns are treated as contributions and can be constitutionally regulated even if, in the case of communications, they do not contain express advocacy. In *Buckley v. Valeo*, 424 U.S. 1 (1976), the Supreme Court upheld contribution limits as constitutional, but struck down such limits on independent expenditures. However, the Court realized that the contribution limits could be evaded if spenders simply paid for "media advertisements or other portions of the candidate's campaign activities." *Id.* at 46. Therefore, in order to "prevent attempts to circumvent the Act through prearranged or coordinated expenditures amounting to disguised contributions," the Court treated "coordinated expenditures . . . as contributions rather than expenditures." *Id.* at 46-47. Thus, the Court distinguished between expenditures made independently of the candidate and his campaign which could not be regulated constitutionally and "coordinated expenditures" which could be. The *Buckley* Court included in its definition of "contribution" "all expenditures placed in cooperation with or with the consent of a candidate, his agents, or an authorized committee of the candidate." *Id.* at 78. The definition of "independent expenditure" at 2 U.S.C. § 431(17) is consistent with the *Buckley* Court's definition. Based in part on *Buckley*, the *Christian Coalition* court rejected the assertion that express advocacy was required for expenditures to be considered coordinated. *Christian Coalition*, 52 F. Supp. 2d at 87-93.

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1   behalf of CTR, to place the advertisements. At the pertinent time, Zimmer 2000, Jamestown and  
2   Fox Media all shared the same address, and Fox Media has apparently engaged in no reported  
3   activity other than placing the advertisements in question. Finally, it appears that the candidate,  
4   Dick Zimmer, and Jamestown's President Weitzner, may have had prior dealings with CTR's  
5   purported spokesman Sheridan through their work on tax issues. If personnel of Jamestown, an  
6   agent of the Zimmer campaign, had substantial involvement in preparing and placing the subject  
7   advertisements, either directly or through "front organizations," as Fox Media and CTR may  
8   have been, the legal standards for establishing coordination under *Christian Coordination*,  
9   former 11 C.F.R. § 100.23 and current 11 C.F.R. §109.20(a) would all be met.

10       Respondents Zimmer, Zimmer 2000, Weitzner, Blakely and Jencik submitted nearly  
11   identical responses in which they neither affirmatively denied coordination or any of the factual  
12   allegations made in the complaint, nor presented any countervailing facts apart from stating that  
13   CTR's spokesman, Sheridan, had been quoted in certain newspaper articles as denying any  
14   connection between CTR and the Zimmer campaign. *TRIBUNE* article; June 2, 2000 *HOTLINE*  
15   article. However, as noted, another press statement quotes Sheridan as saying that he did not  
16   know whether there was a link between the advertisements and the Zimmer campaign. June 2,  
17   2000 *STAR-LEDGER* article.

18       Given the documented and reported multiple and overlapping relationships between and  
19   among Zimmer 2000, Jamestown, Weitzner, Blakely, Jencik, Fox Media and CTR, and the  
20   responses' failure to deny the specific allegations of coordination in the complaint, it appears that  
21   an investigation is warranted. If some or all of the named Respondents are shown to have  
22   coordinated the subject advertisements, they would, as a consequence, have variously violated

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1 the Act's prohibitions against making and accepting excessive and prohibited in-kind  
2 contributions,<sup>18</sup> and Zimmer 2000 would have also violated the reporting regulations.<sup>19</sup>

3 Based on the above discussion, this Office recommends that the Commission find reason  
4 to believe that Zimmer 2000, Inc. and Maria Chappa, as treasurer, violated 2 U.S.C. §§ 441a(f)  
5 and 441b, and that Zimmer 2000, Inc. and Maria Chappa, as treasurer, violated 2 U.S.C.  
6 § 434(b). After evaluating the responses to written discovery, this Office will reevaluate whether  
7 there is reason to believe that Dick Zimmer personally violated the Act. Therefore, this Office  
8 recommends that the Commission take no action at this time with respect to Dick Zimmer. This  
9 Office further recommends that the Commission find reason to believe that Citizens for Tax  
10 Reform violated 2 U.S.C. §§ 441a(a)(1) and 441a(a)(3),<sup>20</sup> and that Jamestown Associates and  
11 Fox Media Consulting each violated 2 U.S.C. §§ 441a(a)(1) and 441a(a)(3), or in the alternative  
12 that they each violated 2 U.S.C. § 441b, depending on whether they filed with the IRS as  
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<sup>18</sup> Pursuant to 2 U.S.C. § 441a(a)(1)(A), it is illegal for any person to make contributions to any candidate and his authorized political committee with respect to any Federal election that, in the aggregate, exceed \$1,000. Likewise, individuals are prohibited from making contributions that exceed more than \$25,000 in any calendar year. 2 U.S.C. § 441a(a)(3). The Act prohibits also corporations from making contributions or expenditures in connection with any Federal election, and prohibits any corporate officer or director from consenting to such contributions or expenditures 2 U.S.C. § 441b(a). The also prohibits political committees from knowingly accepting contributions that are in violation of the Act. 2 U.S.C. §§ 441a(f), 441b

<sup>19</sup> The Act requires treasurers of political committees to file reports of receipts, including the date and amount of in-kind contributions to the Commission. 2 U.S.C. § 434(b)

<sup>20</sup> Until CTR's form, *e g*, whether it is a corporation or an alter ego of John Sheridan, is determined through discovery, the respondent organization is being treated as an individual for purposes of making recommendations related to violations of the Act. At this point, this Office is not recommending reason to believe findings that CTR may be a political committee as there is a significant question whether, assuming the advertisements were coordinated, CTR spent any of its own funds on the creation, production, placement or distribution of the subject radio advertisements and what the purpose and other activities of CTR were at the applicable time. Moreover, this Office is not making recommendations against CTR spokesman, John Sheridan, at this time pending information regarding whether he may be a corporate officer of CTR or its alter ego.

25044123650

1 partnerships or as corporations.<sup>21</sup> Given the substantial uncertainties at this time concerning how  
2 the subject advertisements were funded and the apparent relationships between Jamestown and  
3 Fox Media, this Office further recommends that the Commission find reason to believe that Larry  
4 Weitzner and Tom Blakely violated 2 U.S.C. §§ 441a(a)(1), 441a(a)(3). This Office also  
5 recommends that the Commission find reason to believe that Larry Weitzner and Tom Blakely  
6 violated 2 U.S.C. § 441b as corporate officers of Jamestown. This Office recommends that the  
7 Commission take no action at this time with respect to Megan Jencik because discovery may  
8 clarify her participation in the Zimmer campaign and her exact position with, and relationship to,  
9 Fox Media and CTR.

10 **III. PROPOSED DISCOVERY**

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21 As noted *supra*, Jamestown and Fox Media registered with the state of New Jersey as limited liability companies ("LLCs"). For purposes of the Act, an LLC is a business entity that is recognized as a limited liability company under the laws of the State in which it is established. 11 C.F.R. § 110.1(g). Whether or not a contribution made by an LLC is considered to be prohibited under the Act depends on how the firm elects to file with the Internal Revenue Service ("IRS"). *Id.* An LLC filing with the IRS as a partnership pursuant to 26 C.F.R. § 301.7701-3, or not electing treatment as either a partnership or a corporation pursuant to that section, shall be treated as a contribution from a partnership pursuant to 11 C.F.R. § 110.1(e). An LLC electing to file with the IRS as a corporation is prohibited from making contributions pursuant to 2 U.S.C. § 441(b) and 11 C.F.R. § 110.1(g)(3). A contribution by an LLC with a single natural person member that does not elect to file with the IRS as a corporation shall be attributable to that single member. 11 C.F.R. § 110.1(g)(4). Should discovery into this matter reveal that Jamestown Associates, Fox Media Consulting and/or CTR were corporations during the relevant time period, this Office may return to the Commission with appropriate recommendations relating to violations of the Act committed by corporate officers associated with the companies.

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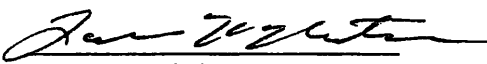
IV. **RECOMMENDATIONS**

1. Take no action at this time with respect to Dick Zimmer.
2. Find reason to believe that Zimmer 2000, Inc. and Maria Chappa, as treasurer, violated 2 U.S.C. §§ 434(b), 441a(f) and 441b.
3. Find reason to believe that Citizens for Tax Reform violated 2 U.S.C. §§ 441a(a)(1) and 441a(a)(3).
4. Find reason to believe that Jamestown Associates violated 2 U.S.C. §§ 441a(a)(1), 441a(a)(3) and 441b.
5. Find reason to believe that Fox Media Consulting violated 2 U.S.C. §§ 441a(a)(1), 441a(a)(3) and 441b.
6. Find reason to believe that Larry Weitzner violated 2 U.S.C. §§ 441a(a)(1), 441a(a)(3) and 441b.
7. Find reason to believe that Tom Blakely violated 2 U.S.C. §§ 441a(a)(1), 441a(a)(3) and 441b.
8. Take no action at this time with respect to Megan Jencik.
9. Approve the appropriate factual and legal analyses.
- 10.

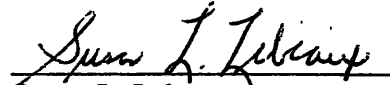
11. Approve the appropriate letters.

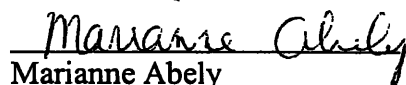
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8 Date

1/14/03

  
Lawrence H. Norton  
General Counsel

  
Rhonda J. Vosdigh  
Associate General Counsel

  
Susan L. Lebeaux  
Assistant General Counsel

  
Marianne Abely  
Attorney

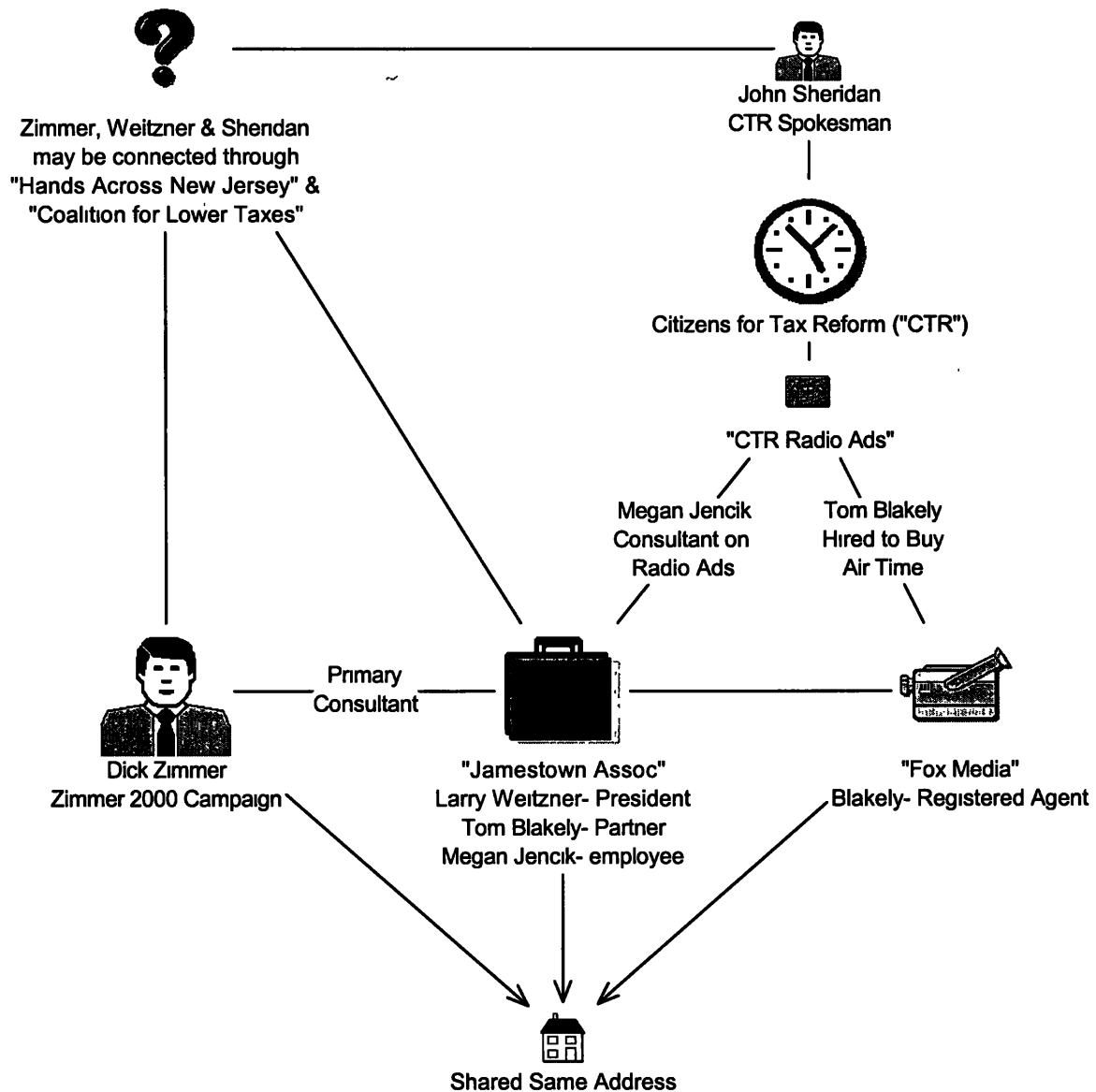
23 Attachments:

- 24 1. Respondent Chart  
25 2. Press Articles cited in this Report

25044123653



# MUR 5026



Attachment 1

25044123654

## 12TH DISTRICT: Ex-aide of Zimmer linked to ads

Published in the Home News Tribune 6/03/00

By ARON PILHOFFER

GANNETT STATE BUREAU

TRENTON -- Radio ads smearing congressional candidate Mike Pappas were arranged by a former paid consultant for his 12th District opponent, Dick Zimmer.

Any coordination between the third-party group behind the radio ads and the Zimmer campaign would be a violation of federal law.

The consultant - Megan Jencik -- has not done work for the campaign in weeks, according to John Holub, a spokesman for Zimmer. She was paid for consulting work through the end of April, according to the most recent Federal Election Commission reports available. The ads began airing Thursday.

Groups like the one that purchased the ads, Citizens for Tax Reform, are sometimes called "stealth PACs" because they operate outside the jurisdiction of federal campaign-finance laws. As private corporations, they are not required to disclose their contributors or abide by any limits on fund-raising or spending.

They are not allowed, however, to coordinate with any campaign for federal office because corporations are barred from direct contributions to political candidates, according to Bob Simon, general counsel for the watchdog group Common Cause.

What constitutes coordination under the law "can be a little fuzzy," he said, but in the past the FEC has ruled that a shared media consultant or the equivalent constitutes cooperation between a PAC and a campaign.

A number of prominent Republicans -- including former Gov. Tom Kean and Somerset County Republican Chairman Dale Florio -- denounced the ads, as has Zimmer himself.

"We had nothing to do with them," Holub said.

But Pappas believes otherwise.

"There is enough to lead a reasonable person to believe there is a connection here," he said at a Statehouse news conference yesterday, adding his campaign is considering filing a complaint with the Federal Election Commission.

The ads were bought by a group calling itself Citizens for Tax Reform and were placed by a company called Fox Media Consulting. The one company registered by that name in New Jersey lists the address, at the time of its incorporation, at the same location as Zimmer's consulting firm, Jamestown Associates. Jamestown has since moved.

The ads are running on at least two New York City radio stations, WOR and WCBS. John Sheridan, spokesman for Citizens for Tax Reform, also denies any connection to the Zimmer campaign. He declined to say how much his group was spending or who was paying for the advertisements. One of the advertisements that began Thursday accuses Pappas working for a church with connections to the Ku Klux Klan. A districtwide mailing makes the same implication.

Yesterday, Pappas angrily denied that the church -- Pillar of Fire's International Christian Church in the Zarephath section of Franklin -- is affiliated to the KKK or any racist group. Since losing his congressional seat in 1998, Pappas has worked at the church as a project coordinator, raising money for the construction of a grammar school and high school.

The ads refer to the church's turn-of-the-century founder, Alma White, who spoke on the Klan's lecture circuit and published the 1925 book "The Ku Klux Klan in Prophecy."

Pappas said the multiracial, multi-ethnic church is hardly reflective of any sort of racist legacy. "To suggest they are racist in any way, based on their track record here in recent memory, is shameful," he said. Jamestown's owner, Larry Weitzner, is also the political consultant for Mike Ferguson, who is running this year in the neighboring 7th Congressional District and ran in 1998 in the 6th District. Ferguson is being accused of connections to a similar third-party group paying for mailings attacking his opponents this year and was accused of the same thing in 1998.

Among the candidates being attacked in the 7th District race is Tom Kean Jr., son of the former governor. The senior Kean, who lives in the 12th District, sought out reporters yesterday to denounce the ads.

"Mike Pappas and I disagree on a number of issues, and continue to do so. But I have gotten stuff in the mailbox recently that is beyond the pale," he said. "We are seeing it in my son's campaign, and now this. This has to stop." Neither Weitzner, nor his partner, Tom Blakely, could be reached for comment. Blakely is listed as the agent for Fox Media, according to state records. Jencik also is listed as an employee of Jamestown on the company's Web site, but she also could not be reached for comment.

Adam Geller, a vice president of Jamestown, issued a statement denying any connection to the ads and the Zimmer campaign. Geller and the Zimmer campaign leveled charges of their own against Pappas, saying he is coordinating with the anti-abortion group New Jersey Right to Life. Pappas campaign officials and Marie Tasy, spokeswoman for New Jersey Right to Life, said that is not true.

According to documents filed with the FEC, Right to Life has made a legal contribution to the Pappas campaign but does not share any consultants.

"Unlike Dick Zimmer's dishonest stealth campaign, Right to Life is a bona fide PAC. Nothing has been coordinated," she said.

The 12th Congressional District includes all of Hunterdon and parts of Middlesex, Monmouth, Mercer and Somerset counties.

The 7th Congressional District includes parts of Essex, Middlesex, Somerset and Union counties.  
from the Home News Tribune  
Published: June 3, 2000

25044123656

Database  
ALLNEWS

Citation

Search Result

Rank 1 of 3

5/9/00 STLGRN 046

5/9/00 Star-Ledger (Newark N.J.) 046

2000 WL 22889710

(Publication page references are not available for this document.)

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Friday, June 9, 2000

## News

Democrats file charges against Zimmer over radio ad campaign  
Susan K. Livio  
Star-Ledger Staff

Two days after his victory in the 12th District Republican primary, Dick Zimmer faces formal charges he used a "shadow" organization to run attack ads against opponent Mike Pappas.

The Democratic Congressional Campaign Committee filed a complaint with the Federal Election Commission yesterday saying the radio ads linking Pappas' employer with the Ku Klux Klan were sponsored by Zimmer's consultants and not the Citizens for Tax Reform that claimed responsibility.

Ads attributed to Citizens for Tax Reform criticized Pappas for maintaining ties with the Pillar of Fire church in Zarephath in Franklin Township, Somerset County, because its founder, Alma White, was a known Klan sympathizer, although never a member.

According to a WCBS Radio manager, a company called Fox Media Consulting purchased the ad with the station. That firm lists an incorporation address of 199 Nassau St., which until several months ago was the office of Tom Blakely. He is a business partner with Larry Weitzner, a Zimmer consultant.

A billing statement from WOR Radio also lists Megan Jencik as a consultant for the Klan ad, representing the Citizens for Tax Reform. Jencik's name appears on Zimmer's most recent campaign finance reports as a consultant. She was paid twice in April.

Citing these links, DCCC Executive Director David Plouffe said, "He should be forced to follow the law and stop using groups to do his dirty work."

The complaint sets the stage for the campaign battle pitting Zimmer against Democratic Rep. Rush Holt. The district comprises Hunterdon and portions of Mercer, Middlesex, Monmouth and Somerset counties.

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ATTACHMENT 2Page 3 of 36

/9/00 STLGRN 046

Publication page references are not available for this document.)

Zimmer's campaign manager, John Holub, said last week Jencik has left the consulting firm Zimmer employs, Jamestown Associates. He also denied that Blakely is a member of Zimmer's campaign team.

Zimmer has denied involvement with Citizens for Tax Reform, and has denounced the ads. Zimmer's campaign could not be reached for comment last night.

----- INDEX REFERENCES -----

JEWS SUBJECT: Domestic Politics; Political and General News; Politics; General News (GPOL GCAT PLT GEN)

MARKET SECTOR: Consumer Cyclical (CYC)

INDUSTRY: Advertising: Radio; Advertising; Advertising: Campaigns (IARD  
ADV IABC)

PRODUCT: Media (DME)

EDITION: FINAL

Word Count: 310

/9/00 STLGRN 046

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Database  
ALLNEWS

publication page references are not available for this document.)

*HRH* PEOPLE - Zimmer Goes To Jamestown

## D OF DOCUMENT

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 /6/00 HOUSERACE (No Page) ALLNEWS  
 /6/00 House Race Hotline (Pg. Unavail. Online)  
 000 WL 6362655

Publication page references are not available for this document.)

# House Race Hotline

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Tuesday, June 6, 2000

## PRIMARY PREVIEW - CONSULTANT WATCH: YOUR COMPLETE GUIDE TO TODAY'S ACTION

HRH's exclusive list of the consultants behind the scenes in the AL, IA, MT, NJ, NM and SD primaries in HRH races to watch, plus, a few bonus head-to-head match-ups from our "Watch" list in uncontested primaries! All information provided by the individual campaigns. Primary: 6/6. Candidates are listed in alphabetical order, with the incumbent party listed first.

### OPEN SEATS

MONTANA AT-LARGE -- Ex-LG Dennis Rehberg (R) will face MT Superintendent of Public Instruction Nancy Keenan (D) in the race to replace retiring Rep. Rick Hill (R). Neither has primary opposition.

Ex-LG Dennis Rehberg (R)  
 Campaign Manager: Alan Nicholson  
 Media Consultant: Russo Marsh  
 Campaign website: www.rehberg2000.com

MT Superintendent of Public Instruction Nancy Keenan (D)  
 Campaign Manager: Joe Lamson  
 Media Consultant: Strother Duffy Strother  
 Campaign website: www.nancykeen.com

NEW JERSEY 07 -- '98 6th CD nominee Mike Ferguson (R), ex-Gov. Tom Kean (R) son Tom Kean Jr. (R), ex-House Commerce Cmte Counsel Patrick Morrissey (R) and Assemb. Joel Weingarten (R) are facing off in the GOP primary to replace Senate candidate/Rep. Bob Franks (R). On the Dem side are '98 nominee Maryanne Connelly (D), Union County Manager Mike LaPolla (D), Warren Township Cmte Member Jeff Golkin (D) and Joel Farley (D). LaPolla received the nod from the DCCC.

'98 6th CD nominee Mike Ferguson (R)  
 Campaign Manager: Dan Quinonez  
 Media Consultant: National Media  
 General Consultant: Jamestown Associates

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ATTACHMENT 2  
 Page 6 of 36

/6/00 HOUSEFACE (No Page)

Publication page references are not available for this document.)

ollster: Finkelstein Associates  
 irect Mail: Jamestown Associates  
 'ampaign website: www.fergusonforcongress.com

Ex-Gov. Tom Kean (R) son Tom Kean Jr. (R)  
 'ampaign Manager: Kerry Koch  
 Media Consultant: Greg Stevens, Stevens Reed Curico  
 'ollster: Jim McLaughlin, Fabrizio McLaughlin  
 irect Mail: David Millner Group  
 'ampaign website: www.tomkeanjr.com

Ex-House Commerce Cmte Counsel Patrick Morrissey (R)  
 olitical Director: Dan Ronayne  
 'ampaign website: www.morrissey.org

Assemb. Joel Weingarten (R)  
 'ampaign Manager: Jordan Lieberman  
 Media Consultant: Brabender Cox  
 'eneral Consultant: Brabender Cox  
 'ollster: Frank Luntz  
 irect Mail: David Murray and Associates  
 'ampaign website: weingartenforcongress.com

98 nominee Maryanne Connelly (D)  
 'ampaign Manager: Sujata Tejawani  
 Media Consultant: Steve Murphy, Murphy Putnam Media Inc.  
 'ollster: Celinda Lake, Lake Snell Perry  
 irect Mail: Ed Peavy, DR Mail  
 'ampaign website: www.connellyforcongress.com

Union County Manager Michael LaPolla (D)  
 'ampaign Manager: Angie Bowen  
 Media Consultant: Message and Media  
 'eneral Consultant: Message and Media  
 'ollster: John Anzalone  
 irect Mail: Message and Media  
 'ampaign website: www.lapolla forcongress.com

#### FRESHMEN

NEW JERSEY 12 -- Ex-Rep. Mike Pappas (R) and ex-Rep. Dick  
 Zimmer (R) are facing off in the GOP primary for the right to  
 challenge Rep. Rush Holt (D) in the general.

Rep. Rush Holt (D)  
 Media Consultant: Message and Media  
 'eneral Consultant: Message and Media  
 'ollster: Garin Hart Yang



6/00 HOUSERACE (No Page)  
 ublication page references are not available for this document.)

mpaign website: www.rushholt.com

Ex-Rep. Mike Pappas (R)  
 mpaign Manager: Jack Grimes  
 dia Consultant: David Millner and Associates  
 neral Consultant: David Millner and Associates  
 llster: Neil Newhouse, Public Opinion Strategies  
 rect Mail: David Millner and Associates  
 mpaign website: www.pappas2000.com

Ex-Rep. Dick Zimmer (R)  
 mpaign Manager: John Holub  
 dia Consultant: Jamestown Associates  
 neral Consultant: Jamestown Associates  
 llster: Diversified Research  
 rect Mail: Jamestown Associates  
 mpaign website: www.zimmer2000.com

#### VETERANS-TO-WATCH

IOWA 01 -- Gregory Guy (D) and Johnson County Dem Chair Bob  
 mpson (D) are vying for the Dem nod to take on Rep. Jim Leach

Rep. Jim Leach (R)  
 mpaign Manager: Rachel Schrepferma  
 mpaign website: www.jimleach.com

Johnson County Dem Chair Bob Simpson (D)  
 mpaign Manager: David Roja  
 mpaign website: www.bobsimpson2000.com

ALABAMA 04 -- Rep. Robert Aderholt (R) will face ex-AL  
 rst lady Marsha Folsom (D) in the general. Neither faces  
 imary opposition.

Rep. Robert Aderholt (R)  
 mpaign Manager: Hood Harris  
 dia Consultant: Welt St. Claire and Associates  
 llster: Jim McLaughlin

Ex-AL First Lady Marsha Folsom (D)  
 mpaign Manager: Reta McKannan  
 dia Consultant: Greer, Margolis, Mitchell, Burns and Assocs.  
 llster: Celinda Lake, Lake Snell Perry  
 rect Mail: Strategy Source  
 mpaign website: www.marshafolsom.com

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 (Publication page references are not available for this document.)

NEW JERSEY 03 -- Rep. James Saxton (R) and ex-Cherry Hill Mayor Susan Bass Levin (D) both are unopposed in the primary.

Rep. Jim Saxton (R)  
 Campaign Manager: David White  
 Media Consultant: Jamestown Associates  
 Pollster: Dave Sackett, The Tarrance Group  
 Direct Mail: Jamestown Associates  
 Campaign website: www.saxton2000.org

Ex-Cherry Hill Mayor Susan Bass Levin (D)  
 Campaign Manager: Brian Weeks  
 Media Consultant: Shorr and Associates  
 Pollster: Geoff Garin  
 Direct Mail: Crounse, Malchow and Schlackman  
 Campaign website: levinforcongress.org

NEW JERSEY 05 -- Rep. Marge Roukema (R) faces a rematch in the GOP primary against '98 nominee Scott Garrett (R), funded largely by the conservative group Club for Growth.

Rep. Marge Roukema (R)  
 Campaign Manager: Melanie Malluk  
 Media Consultant: David Murray  
 General Consultant: David Murray  
 Pollster: The Tarrance Group  
 Campaign website: www.margeroukema.org

'98 nominee Scott Garrett (R)  
 Campaign Manager: Jeff Claus  
 Campaign website: www.garrett2000.com

NEW MEXICO 01 -- Ex-U.S. Atty John Kelly (D), '96 nominee John Wertheim (D) and ex-Albuquerque City Council Member Sam Bregman (D) are seeking the Dem nod to face Rep. Heather Wilson (R).

Rep. Heather Wilson (R)  
 Campaign Manager: Marjorie Stayer  
 Pollster: Public Opinion Strategies  
 Campaign website: www.heatherwilson.org

Ex-Albuquerque City Council Member Sam Bregman (D)  
 Campaign Manager: Shelia Tigert  
 Campaign Website: www.bregman2000.com

Ex-U.S. Atty John Kelly (D)  
 Campaign Manager: Eric Greigo

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Publication page references are not available for this document.)

Pollster: Bennett, Petts and Assoc.

Direct Mail: Crounce, Malchow, Schlachman

Campaign Website: www.kellyin2000.com

'96 nominee John Wertheim (D)

Campaign Manager: Jill Baca

Pollster: Decision Research

Direct Mail: Terris Jaye Barns

Campaign Website: www.wertheim2000.com/contact.htm

---- INDEX REFERENCES ----

REGION: North America; North America; Western U.S.; United States;  
Pacific Rim; United States (NAM NME USW USA PACRM US)

Word Count: 857

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Citation Search Result Rank 3 of 3 Database  
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 /5/00 House Race Hotline (Pg. Unavail. Online)  
 000 WL 6362644  
 Publication page references are not available for this document.)

## House Race Hotline

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Monday, June 5, 2000

FRESHMEN (19R, 23D) - NEW JERSEY 12: SIX DEGREES OF SEPERATION FROM INDIE ADS?

Trenton Times' Aseltine reports, Ex-Rep. Mike Pappas (R) is blaming ex-Rep. Dick Zimmer (R) "for a nasty radio ad that attempts to link him to the Ku Klux Klan." Although Zimmer "has publicly condemned the ad and denied any involvement with it," Pappas "insists" the group that paid for it, Citizens for Tax Reform, "is a front group for the Zimmer campaign." The ad, airing on NY radio stations, "blasts Pappas for working for a Methodist church, Pillar of Fire," that was founded by a KKK sympathizer. "The ad is worded to suggest a connection between Pappas, the church and the KKK." Pappas on 6/2 held a news conference at the State House "to present evidence that the ad was placed by" Tom Blakely, a partner of Zimmer campaign consultant Larry Weitzner. That charge "was not denied by" Citizens for Tax Reform spokesperson John Sheridan, who showed up at Pappas' news conference. Sheridan said he hired Blakely, "buy the air time for the ad." However, Sheridan said "the ad was produced and paid for by his organization without any involvement of the Zimmer campaign." Pappas said "it stretches credulity to believe Blakely placed the ad without Zimmer knowing." Pappas: "How dare Dick Zimmer attack a Christian church committed to helping the poor and the needy." Late 6/2 Pappas campaign manager Jack Grimes faxed reporters "copies of a form to purchase time on WOR radio for Citizens for Tax Reform that is dated" 5/31 "and signed by" Megan Jencik, who worked for the Zimmer campaign. Zimmer spokesperson John Holub said Jencik "left the campaign about two months ago to be an independent media buyer." Holub: "Larry Weitzner is our consultant. We had nothing to do with the ad. It's a totally bogus charge." Grimes said Pappas will ask the FEC to investigate "and will consider a slander suit" (6/2).

The accusations "were the latest salvos" in the primary "turned bitter" (Zukowski, Ashbury Park Press, 6/3).

KEAN ON PAPPAS???

Ex-Gov. Tom Kean (R), "a frequent critic of Pappas and

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Page 11 of 36

/5/00 HOUSERACE (No Page)

Publication page references are not available for this document.)

supporter of" Zimmer, was "so outraged" by the ads that he told the Pappas campaign "he would be happy to defend him to reporters." Kean: "This is beyond the bounds of what I consider proper politics. I've lived and worked in campaigns, so I get every mailing there is. And I've never seen anything like this" (AP, 6/3). More Kean: "I suppose I will stick to my endorsement of Zimmer. But I'd really like to know that the Zimmer campaign is not behind those ads" (Ashbury Park Press, 6/3).

### COUNTER ATTACK!!!

The Zimmer camp countered with an allegation that Pappas was coordinating direct mail fliers attacking Zimmer" that were paid for by the NJ Right to Life PAC. Holub said the media consultant who does Pappas' mailings, David Millner, also produces mailings for Right to Life. Millner, reached late 6/2, said he has never done work for Right to Life" (Trenton Times, 6/2).

### CHECK OUT THEIR SCARS!

Trenton Times' Jennings reports, Rep. Rush Holt (D) fully exploited Pappas' '98 "serenading of" Starr, using it to depict Pappas as an "out of tune" and "out of touch" clone of House-Speaker Newt Gingrich. Zimmer "has hardly been subtle in reminding" GOPers "they can expect more of the same this fall should Pappas win the nomination." However, Zimmer "has his own battle scars." The '96 Senate race "is still the standard for mean-spiritedness. The tone of Zimmer's campaign against" Sen. Robert Torricelli (D) "caught many political observers off-guard, who found the attacks out of character for ... and damaging to" Zimmer's reputation "as a thoughtful policy-maker" (6/4).

### ---- INDEX REFERENCES ----

REGION: United States - New Jersey; Eastern U.S.; United States; North America; Pacific Rim; New Jersey; North America; United States (USNJ USE USA NAM  
ACRM NJ NME US)

Word Count: 601

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 /9/00 STLGRN 046 ALLNEWS  
 /9/00 Star-Ledger (Newark N.J.) 046  
 000 WL 22889710  
 Publication page references are not available for this document.)

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Friday, June 9, 2000

# News

Democrats file charges against Zimmer over radio ad campaign  
 Susan K. Livio  
 Star-Ledger Staff

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The complaint sets the stage for the campaign battle pitting Zimmer against Democratic Rep. Rush Holt. The district comprises Hunterdon and portions of Mercer, Middlesex, Monmouth and Somerset counties.

/9/00 STLGRN 046

Publication page references are not available for this document.)

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----- INDEX REFERENCES -----

EWS SUBJECT: Domestic Politics; Political and General News; Politics; General News (GPOL GCAT PLT GEN)

MARKET SECTOR: Consumer Cyclical (CYC)

INDUSTRY: Advertising: Radio; Advertising; Advertising: Campaigns (IARD  
DV IABC)

PRODUCT: Media (DME)

DITION: FINAL

Word Count: 310

/9/00 STLGRN 046

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itation Search Result Rank 29 of 69 Database  
 /2/00 HOUSERACE (No Page) ALLNEWS  
 /2/00 House Race Hotline (Pg. Unavail. Online)  
 000 WL 6362622  
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House Race Hotline  
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Friday, June 2, 2000

FRESHMEN (19R, 23D) - NEW JERSEY 12: PAPPAS TRIES TO LINK KKK ADS TO ZIMMER

East Brunswick Home News Tribune's Behrmann reports, x-Rep. Mike Pappas (R) on 6/1 "fought back against" radio ads that attack his affiliation with Pillar of Fire "because of the church founder's connection to the Ku Klux Klan." Pappas faces x-Rep. Dick Zimmer (R) in the 6/6/ GOP primary. Pappas, in a press conference: "Zimmer's fingerprints and the fingerprints of his associates are all over this." Since Pappas was unseated by Rep. Rush Holt (D) in '98, Pappas has been a project manager for fundraising efforts at the Pillar of Fire International Christian Church. Radio ads that debuted 6/1 "link movement founder" Alma White with the KKK "and urge Pappas to resign his position with the church because of that affiliation." The ads were paid for a group called Citizens for Tax Reform. Zimmer on 6/1 "denied any knowledge of the advertisements and any contact with the organization." Zimmer: "Such organizations do not speak for me and I repudiate them. What I have to say in this campaign is expressed in my own campaign ads, that are paid for by my campaign, and are clearly identified as coming from my campaign." Citizens for Tax Reform spokesperson John Sheridan also denied any connection with the Zimmer campaign." Sheridan said the group will run the ads "until Pappas gets the church to disassociate itself from White." Pappas campaign manager Jack Krimes said those demands are "absurd": "Mike has no control over that." Pappas said that, "while he is not a member of the church, he would not consider distancing himself from the organization." Pappas is a former student of the church's school. The church in '97 officially condemned White's racist philosophy after the Home News Tribune published a feature about the church's past.

The ads are running on at least two NYC radio stations, WOR and WCBS. They were placed by a company called Fox Media. The one company registered by that name in NJ "lists the address, at the time of its incorporation, at the same location as Zimmer's consulting firm, Jamestown Associates. Jamestown has since moved." Jamestown owner Larry Weitzner "is also the political consultant for" '98 6th CD nominee Mike Ferguson (R), who is

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ATTACHMENT 2  
 Page 15 of 36



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unning for the open seat being vacated by Senate candidate/Rep.  
ob Franks (R). Ferguson "is being accused of connections to a  
imilar third-party group paying for mailings attacking his  
pponents this year and was accused of the same thing in" '98.  
is camp "denied any connections to the groups" (6/2).

RLC WEIGHS IN WITH ADS, TOO

Wall Street Journal's "Washington Wire" reports, The  
moderate" Republican Leadership Council is featuring Zimmer in  
"six-figure" RLC ad campaign "on taxes and welfare" (6/1).

----- INDEX REFERENCES -----

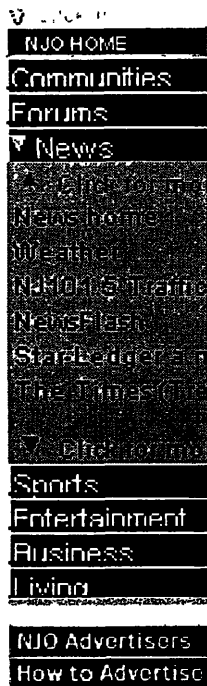
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# The Star-Ledger

THE NEWSPAPER FOR NEW JERSEY

NEWS BUSINESS SPORTS FEATURES OPINION

## The Great Rebater's critics say economy can change

01/13/99

By Joe Donohue  
STAFF WRITER

### What's my rebate?

In all likelihood, Gov. Christie Whitman made that question a permanent part of New Jersey culture yesterday with her call for a massive property tax giveback program that will be phased in over five years and eventually will hand out \$1 billion each year in state rebates.

Whitman's advisers were touting the program as a can't-miss, something-for-everybody masterpiece of public policy.

If the Governor's plan is approved by the Legislature and it almost certainly will be everyone who pays school property taxes, even millionaires, will be getting money back from Trenton.

"It benefits every single property taxpayer in the state," said Jack Mozloom, spokesman for the state Treasury Department. "You really have to be a Grinch to find something wrong with this."

John Sheridan, director of New Jersey Citizens for Tax Reform, wasn't

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ATTACHMENT

Page 17 of 36

pleased with the program.

'We're going to go to war with her on this one,' he said. 'Sending us a check doesn't solve the problem. And when the economy goes south, how in the hell is she going to pay for this program?'

'She's setting somebody up for a tax increase, and she's not done anything to solve the property tax problem.'

Under the rebate program, the state will reimburse homeowners for the school taxes paid on the first \$45,000 in assessed value of their homes. There will be one flat rebate for all homeowners within each community, regardless of individual incomes.

Homeowners in townships with higher school tax burdens will tend to get the biggest refunds. For instance, all homeowners from East Orange would receive a state check for \$120 by Labor Day, an amount slated to grow to \$598 when the program takes full effect in five years. The full refund represents a 55 percent reduction of current school tax bills.

In Morristown, homeowners would get \$90 this year, with their benefit climbing in five years to \$451 a 25 percent reduction in school tax burden. New Brunswick homeowners would get a \$178 check that ultimately would rise to \$891, slashing school tax bills 41 percent.

The Governor's own property tax bill in upscale Tewksbury Township will be cut by \$514 over five years a 13 percent reduction. (Whitman, incidentally, has donated to charities the savings from her previous state income tax cuts.)

These numbers are based on preliminary estimates released by the Governor's office. A complete town- by-town breakdown is due out today.

As for taxpayers 65 years and older, or disabled taxpayers, those earning up to \$100,000 will see no immediate relief. They already qualify for special refunds up to \$500 under the state's Homestead rebate program. They cannot get givebacks under both programs.

As the new rebates grow, it eventually may be worthwhile for most to switch. But most will have to wait a few years.

One new group who will benefit are older taxpayers who earn more than \$100,000. They do not qualify for tax relief under the Homestead rebate program but would get a break under the new program.

Some poor taxpayers will get an extra benefit. Whitman announced she supports legislation that, by next year, would exempt 200,000 more taxpayers from having to pay the state income tax. The exempt income threshold would rise to \$13,000 from \$7,500.

Many lower-income taxpayers also qualify for tenant rebates of \$30 under

the current Homestead rebate program. They would qualify for an initial \$44 rebate under the Governor's new program, rising to \$100 in the fifth year.

While taxpayers are pondering ways to spend their checks, some may be wondering: How will the state pay for all this?

It could be a lot easier in the first year than in the last, when Whitman will be out of office.

The first year of the program will cost \$200 million. That's about 1 percent of the \$18.1 billion state budget enacted July 1.

Because the state started out with a surplus of more than \$700 million some Statehouse budget analysts think the figure is closer to \$1 billion there is more than enough excess cash to pay for the initial expense.

But the program's cost will ratchet up \$200 million each year for five years to an annual price tag of \$1 billion. Cumulative tax benefits will total \$3 billion over the period.

If annual revenues grow at 3.4 percent, which was the average during Whitman's first five years in office, the new program would eat up about a third of the new revenue that could be available during the next five years. That will make it harder for the state to pay its bills, which annually increase about \$1 billion due to inflation and other automatic increases. The job would become even tougher if a recession strikes and suddenly chokes off new revenues.

That's the main concern of Bob Kirk, a retired high school economics and English teacher from South Belmar who pays \$8,000 annually in local property taxes.

Kirk, 73, is president of his local school board and, like Whitman, is a Republican. He calls Whitman's program "a step in the right direction."

But he thinks the state should raise the 6 percent sales tax back up to 7 percent to help pay for the program. Another penny would bring in close to \$850 million annually.

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 9/18/94 Star-Ledger (Newark N.J.) (Pg. Unavail. Online)  
 1994 WL 7889404  
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The Star-Ledger Newark, NJ  
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Sunday, September 18, 1994

Hands Across N.J. official denies partisanship  
 JOE DONOHUE

A key member of the Hands Across New Jersey anti-tax group has denied it has Republican leanings and contends it supports all public officials that are in sync with its fiscally conservative agenda.

"True, there are partisan people in our organization. But they don't have leadership control," said John Sheridan, who describes himself as a Hands adviser who sits as a non-voting member on its board.

Sheridan said most board members would quit if either party controlled the group's agenda. He said Hands currently has about 13,000 dues-paying members and 50,000 total supporters.

"If you want to best describe our organization, we're fiscal conservatives," he said.

Sheridan's comments were in response to a Star-Ledger story this week that revived questions about long-standing allegations that Hands is a shell for Republicans.

Hands formed in 1990 to seek the repeal of \$2.8 billion in state tax increases enacted by Democrats.

Some prominent Republicans were active early members and some Hands rallies were coordinated and partially bankrolled by the Republican State Committee.

On Thursday, Hands officials held a Statehouse press conference to endorse a proposed 17 percent flat federal income tax rate backed by Republican U.S. Senate challenger Garabed (Chuck) Haytaian (R-Warren).

The meeting was held on the same day that a national Republican group known as Empower America announced it was funding radio ads in New Jersey and Massachusetts this weekend advocating the flat rate tax. Haytaian's staff also arranged for a room for the Hands press

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onference and prepared some literature handed out at the meeting.

While Sheridan acknowledged that some statements by chairwoman Pat Ralston might be viewed as partisan, he insisted the group will support Democrats who favor its agenda and oppose Republicans who neglect it.

For instance, he said Hands members in Ocean County worked last year to help Brick Township Democrat Joseph Scarpelli defeat former Republican Council member Warren Wolf for the local mayor's seat.

Scarpelli said he recalls the Hands effort as being more "anti-establishment" rather than a "pro-Joe Scarpelli" movement. But while he received no formal endorsement, he did feel the group gave him backdoor support.

He said he has always believed that most Hands members were Republicans. But he said since his election, Bobbie Horowitz, the Hands organizer he normally deals with, "has handled herself very professional and non-partisan."

"It appears she's truly concerned about taxes and the taxpayer. It appears to care about Brick Township like I do and doesn't care if you are a Democrat or a Republican," Scarpelli said.

Sheridan said Hands members in June waged a \$6,000 publicity campaign aimed at Senate President Donald DiFrancesco (R-Union) because they felt he had capitulated to public workers on salary and fringe benefit issues.

"If Senator DiFrancesco were a liberal tax and spend Democrat, we'd understand that he is just defending the liberal philosophy of his party. But DiFrancesco is supposed to be a Republican," said a June 14 letter written to members by Ralston.

"Yet, he turned on a Republican governor in a shameless display of public cowardliness at the first sign of whining from the tax consuming teacher's union," she said, referring to the New Jersey Education Association.

Sheridan said Hands members have warned Haytaian that they are not pleased with enabling legislation that the Speaker has co-sponsored to carry out a 1993 constitutional amendment allowing recall of state officials.

While Whitman attended a fund-raiser yesterday for Hands, money collected at the event conceivably could be used to work against state Republican policies that conflict with Hands' agenda, he said.

1/18/94 STLGRN (No Page)

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On a related matter, Robert DeSando, spokesman for the Republican Assembly Majority, took issue with a Star-Ledger characterization of his attendance in June, 1990 at a meeting in Asbury Park of Hands rally organizers.

DeSando said he and former Assembly Republican aide Steve Robbins were not involved in arranging the event even though they handed out anti-tax literature at the meeting.

"I had nothing to do with organizing that rally," DeSando said. "There was nothing between the Assembly Republican office and Hands across New Jersey ever," he said.

Sheridan said Hands officials actually asked DeSando and Robbins to leave when they realized they worked for Assembly Republicans.

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George W. Bush

DEMOCRAT

Al Gore

REFORM

Pat Buchanan

GREEN PARTY

Ralph Nader

LIBERTARIAN

Harry Browne

# Mysterious group raking Bradley on campaign finance

By Laura Meckler, Associated Press, 01/31/00

WASHINGTON -- A New Jersey anti-tax group with a history of opposition to Democrat Bill Bradley is running ads that criticize him on campaign finance reform -- even as the group uses a financing provision that allows it to keep its contributors secret.

Hands Across New Jersey refuses to say who is paying for the ads, which have run for a week in New Hampshire. The group is considering running them in other states with upcoming primaries.

The law does not require that outside groups disclose contributors as long as the ads stop short of explicitly advocating a candidate's election or defeat.

"Let us be the example of why these laws should be changed," said John Sheridan, spokesman for Hands Across New Jersey. "If they don't change (the law), they will be the victims of these sorts of ads in the future, and they will feel as helpless as the public does in trying to bring about change."

Asked if it was hypocritical to advocate change while exploiting what is widely viewed as a loophole in the campaign finance law, Sheridan said: "It is hypocritical."

The ad in question shows three irate New Jersey residents sitting around a kitchen table accusing Bradley of a variety of campaign financing misdeeds, including arranging favors for special interest contributors.

The advertisement also says Bradley had to return a campaign contribution from an insurance company and attempted to intervene with the Commerce Department on behalf of a donor. The Bradley camp denied all wrongdoing, saying Bradley returned a contribution from Prudential Insurance Co. because it was raised using corporate facilities, which is illegal.

Hands Across New Jersey was begun in 1990 to protest a large tax increase pushed through the New Jersey Legislature by then-Gov. Jim Florio. Bradley nearly lost his bid for re-election that year, due partly to Florio's tax hike

ATTACHMENT

Page 23

of 3



and the group's attacks, even though he was running against a virtual unknown -- Republican Christine Todd Whitman, now the state's governor.

But in 1996, the group split, partly over whether it should endorse then-Rep. Dick Zimmer, who unsuccessfully challenged Democratic Sen. Robert Torricelli. Ousted board members charged that those who remained were tying the group too closely to Whitman and the Republican Party.

"I got tired of battling off wave after wave of Republican infiltrators," said John Budzash, the group's founder.

Budzash and Ray Babecki, one of the ousted board members, say the group's New Hampshire ads are probably backed by money from Republicans worried about facing Bradley in November.

"Wherever Bradley goes, they want to knock him, to make sure (Al) Gore wins," Budzash said.

Sheridan, who appears in the ad, said his group has 1,300 dues-paying members and a list of 90,000 potential supporters. He said he has no idea whether donors are Republicans, Democrats or Libertarians, as he is.

"I don't know who sent the money," he said. "I don't ask the membership their party affiliation."

He said contributions range from hundreds to thousands of dollars and added that he didn't know the politics of even large donors.

He said the group is targeting Bradley because it is familiar with his record, even though Vice President Gore has had well-publicized questions about his record on campaign finance.

"Bill Bradley was a senator from New Jersey," Sheridan said. "Who better to speak on his stand than his former constituents?"

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Citation

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Rank 15 of 34

Database  
ALLNEWS

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./31/00 Rec. N. N.J. A09  
2000 WL 15802100

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The Record, Northern New Jersey  
Copyright 2000

Monday, January 31, 2000

# NEWS

## ANTI-BRADLEY ADS SAID TO HAVE SECRET N.J. BACKERS CONTROVERSY SURROUNDS 'ISSUE' COMMERCIALS JOHN MINTZ, Washington Post News Service

New television commercials in New Hampshire that denounce former Sen. Bill Bradley are being secretly underwritten by Republican Party activists in New Jersey who fear that if he wins the Democratic presidential nomination, Republican congressional candidates in the Garden State would be swamped in November, according to GOP sources.

The slashing ads, which attack Bradley as a creature of "special interests" and a hypocrite for endorsing campaign finance reform, are being broadcast by a "non-partisan" anti-tax group, Hands Across New Jersey, which has refused to identify its donors on the grounds that its "issue advocacy" commercials do not directly call for Bradley's defeat and therefore are not covered by federal disclosure rules.

Hands Across New Jersey started as a grass-roots movement protesting Gov. Jim Florio's \$2.8 billion tax hike in 1990, but was taken over by people close to state Republican leaders. Now run by a drug felon, it has been largely inactive except for sporadic public forays: The group took money from casino interests to promote sports betting and from the tobacco industry to oppose a state cigarette tax hike.

The ads exemplify the latest - and to some backers of tighter campaign laws, the most dangerous - development in political advertising: the emergence of little-known groups who broadcast so-called issue ads without the public knowing anything about their agendas or backers.

"This is secret money in the political process," said Fred Wertheimer of Democracy 21, which advocates tighter restrictions on such ads.

The use of issue ads, which don't explicitly call on voters to elect or defeat a particular candidate, has exploded in recent

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(Publication page references are not available for this document.)

elections, but for the most part the ads have been broadcast by political parties or established groups such as antiabortion advocates and environmentalists.

Campaign finance experts said this is the first presidential election that has seen issue advocacy organizations mounting extensive attack ads in the primaries. "I don't think we've seen interest groups being so involved early on," said David Magleby, a Brigham Young University political scientist who studies the phenomenon.

The GOP front-runner, Texas Gov. George W. Bush, is being aided by issue ads being aired by three organizations - a coalition of moderate Republicans called the Republican Leadership Council; another anti-tax group with close ties to national GOP leaders, Americans for Tax Reform; and the National Right to Life Committee. Those ads have taken aim at Bush's two main GOP presidential opponents, publisher Steve Forbes and Sen. John McCain of Arizona.

Forbes has formally complained to the Federal Elections Commission that the RLC, whose backers include a number of Bush supporters, improperly acts as an extension of the Bush campaign. The group denies the charge - as do the Right to Life Committee and Americans for Tax Reform, which is run by Grover Norquist, who has close ties to GOP leaders. Those groups' ads attack McCain, saying his campaign finance reform proposals would weaken their movements.

The involvement of the New Jersey group in the New Hampshire primary presents a case study of the way small, obscure organizations located far from a political battleground can insert themselves into an election with incendiary allegations and little accountability.

The Bradley campaign says these 30-second ads attacking him misstate his record, and it has asked the TV station in Manchester, N.H., to remove them from the air. "The group claims to be concerned with campaign finance reform and yet is financing its ads with [untraceable] 'soft money' without disclosing the sources of its financial support," Robert Bauer, the Bradley campaign's lawyer, wrote WMUR-TV.

During the 1980s, Hands Across New Jersey's director, John Sheridan, served five years in prison for possession with intent to sell cocaine. The Hands group and an affiliate that Sheridan also heads took \$45,000 from tobacco interests to block a cigarette tax increase in the state Legislature, and \$10,000 from the casino industry to promote a sports betting referendum, Sheridan said.

Sheridan refused to disclose the identity of the donors who

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(Publication page references are not available for this document.)

financed the anti-Bradley commercials. He did not deny the money was mostly sent by New Jersey Republicans, but said most of the funds came in response to a fund-raising letter. Of the hundreds of checks he claimed the Hands group received, "some were small contributions and others were large."

He said he plans more ads attacking Bradley, in South Carolina.

Sheridan said the huge sums spent on campaigns is "a threat to democracy." Yet, he said, "I don't care where the money comes from" for his ads. "To play on [the big donors'] turf, you need money. . . . If we appear hypocritical for accepting this money, then change the system."

Hands Across New Jersey was an up-from-the-streets organization that burst on the scene in 1990 to protest a massive Democratic tax hike. With the help of radio disc jockeys, the group almost beat Bradley for reelection to the Senate that year, when he narrowly defeated Republican Christie Whitman.

But in the early 1990s, top state GOP officials such as Whitman, who later was elected governor, sent in operatives who slowly won over the group's leaders and fashioned it into a tool for the Republicans, former members said.

Former top officials of Hands Across New Jersey said the group is now essentially run by Sheridan and that it has been largely inactive for several years.

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PHOTO - ASSOCIATED PRESS - Ads by a New Jersey group attacking former Sen. Bill Bradley have been airing in New Hampshire.

---- INDEX REFERENCES ----

NAMED PERSON: SHERIDAN, JOHN

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REGION: United States - New Jersey; Eastern U.S.; United States; North American Countries; New Jersey; North America; United States; Pacific Rim Countries (USNJ USE USA NAMZ NJ NME US PACRMZ)

EDITION: ALL EDITIONS: TWO STAR B; TWO STAR P; ONE STAR B

7 of 7 DOCUMENTS

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The New York Times

July 8, 1996, Monday, Late Edition - Final

SECTION: Section A; Page 1; Column 4; Metropolitan Desk

LENGTH: 1916 words

HEADLINE: At One Office, Intricate Links In New Jersey's G.O.P. Funds

BYLINE: By BRETT PULLEY

DATELINE: PRINCETON, N.J., July 5

BODY:

For Gov. Christine Todd Whitman, Representative Richard A. Zimmer and numerous other Republicans around the country, the road to political prominence runs through a spartan industrial park on the outskirts of this Ivy League town.

Here, in a former warehouse at 741 Alexander Road, is the headquarters of the Committee for Responsible Government, a young but flourishing federally registered political action committee that is dominated by Mrs. Whitman and gives money to candidates throughout the country who share her philosophy of fiscal conservatism and moderation on social issues.

The office building is also the headquarters of the New Jersey Committee for Responsible Government, the local affiliate that is registered in the state and collects the corporate contributions that the national PAC is forbidden to accept.

The same office houses the Murray-Weitzner Group, Jamestown Associates and David J. Murray & Associates, three separate political consulting companies that have represented Mrs. Whitman, Mr. Zimmer, Representative Susan Molinari of New York and many other candidates in New York, New Jersey and Pennsylvania.

Easy Graphics, a design company that produces campaign brochures and direct-mail advertising for these candidates, is in the building, too.

And finally, the office is the headquarters of the 741 Group, a company that provides political consulting as well as accounting services for both political action committees.

The activity at 741 Alexander Road is a microcosm of the arcane, ever-shifting world of campaign finance. It is an incestuous arrangement in which the same small group of people control the two PAC's and the various businesses, passing money back and forth among themselves as they handle fund raising, spending, contracting, billing and payments.

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The situation also shows how corporations and financiers use PAC's to curry favor with elected and appointed officials, even though Federal election laws limit corporate contributions to candidates and securities regulations prohibit bond underwriters from contributing to officials who control the issuing of bonds.

But while there is no evidence that the activity at 741 Alexander Road violates Federal regulations and election laws intended to dampen influence on politicians, it seems to violate the spirit in which they were written.

Lawrence B. Weitzner, who owns Jamestown Associates and is the political director of both PAC's and a consultant to Mr. Zimmer, said that the businesses and the PAC's all were operating within election laws and guidelines. He said that Democratic officials and a labor organization that criticized the operations did so for political gain, and that the perception of any wrongdoing was a result of the complexity of the overlapping operations.

"It looks worse than it is," he said in an exasperated tone.

Nevertheless, the Federal Election Commission has begun to examine the operations at 741 Alexander Road after the New Jersey State Industrial Union Council, an affiliate of the A.F.L.-C.I.O., filed a complaint with the commission last month, charging that the various companies there were being used illegally to finance the campaign of Mr. Zimmer, who is seeking the Senate seat being vacated by Bill Bradley.

Complaint Cites A 'Tangled Web'

Citing what it called "a tangled web" involving the various companies at 741 Alexander and the PAC's, the union group, which is backing Mr. Zimmer's Democratic opponent, Representative Robert G. Torricelli, said in the complaint: "One wonders exactly what form of support C.R.G. gave to Mr. Zimmer. All roads in the Zimmer campaign seem to lead to 741 Alexander." A spokesman for the election commission in Washington said the agency was reviewing the complaint. Mr. Zimmer has denied the charges.

In races across the country as heated as the New Jersey Senate contest, allegations like these are not uncommon. But often, no action is taken because they are found to be within the limitations of campaign finance laws and regulations.

Mr. Weitzner, who was an official in the administration of Gov. Thomas H. Kean, is also the former treasurer of the Committee for Responsible Government and its New Jersey affiliate. He and David J. Murray are co-owners of the Murray-Weitzner Group, a political consulting concern. In addition, Mr. Murray has his own company, David J. Murray & Associates, based in the same office building.

In a recent interview, Mr. Weitzner explained the relationships between the various entities at 741 Alexander. "I have my clients, Dave has his, and we work on some together," Mr. Weitzner said.

For example, Mr. Weitzner is the chief consultant of Mr. Zimmer's campaign and Mr. Murray is running the re-election campaign of Representative William J. Martini from the Eighth District in northern New Jersey. Both are handling the Congressional campaign of Steven J. Coredemus, a State Assemblyman who is seeking a Congressional seat in the Sixth District in central New Jersey.

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Their offices evolved into a campaign conglomerate in recent years after Mr. Murray decided to bring together, under one roof, many of the services that campaigns require. "I said, 'Why do we need all these different consulting contracts for different services?' " Mr. Murray recalled recently.

According to Federal election records, the Committee for Responsible Government pays Mr. Weitzner's **Jamestown Associates** a monthly consulting fee of \$3,750. At the same time, Jamestown collects \$5,000 a month for consulting from the **Zimmer** for Senate campaign. The PAC also pays accounting fees to the 741 Group, which is owned by David Millner, the treasurer of Mr. **Zimmer's** campaign. Mr. Millner is also the former owner of Easy Graphics, and until last month he was treasurer of the Committee for Responsible Government.

In a letter to Mr. Weitzner earlier this year, election commission officials questioned the low costs for rent, salaries, utilities, telephones and supplies that the Committee for Responsible Government listed in its Federal filings. In their response to the letter, officials of the PAC explained that all the overhead costs were included in the consulting fees paid to **Jamestown Associates**.

"We did over a dozen legislative races last year," Mr. Weitzner said. "One of the reasons we're successful is that we win a lot. But we're also very conscious of how the dollars are spent. We make sure it's spent on contacting the voters and not on overhead."

Questions have also been raised about the national PAC's acceptance of donations from Wall Street bond underwriters, who count on elected officials to provide lucrative municipal bond work to their firms.

Since 1994, municipal bond underwriters who contribute to the campaigns of bond-issuing officials have been banned from doing business for two years with those officials. The Federal ban was intended to remove the appearance of a conflict of interest between Wall Street bond dealers who make political contributions and the elected officials who award municipal securities work. **PAC Money Trail Leaves Few Tracks**

Although the rule bars such donations directly to candidates, it does not cover donations to PAC's, unless the PAC is clearly being used to funnel money directly to a specific candidate.

"You'd have to be able to follow the money," said Christopher Taylor, executive director of the Municipal Securities Rulemaking Board, the regulatory agency that monitors the law. "There is no way to follow the money except where the PAC is giving to only one or two candidates."

While the Committee for Responsible Government takes in personal contributions limited to \$5,000, as stipulated by Federal law, it has a local affiliate that collects all the corporate contributions that the national PAC is not allowed to accept. New Jersey law allows unlimited PAC contributions from corporations. The money that the PAC sends around the country comes from the national PAC, while money for New Jersey candidates and other PAC activities comes from the state account.

Since it started in 1993, the national PAC has raised about \$1.3 million, most of it from the one dinner at which Mrs. Whitman was the main speaker. As of April, there was \$290,000 in the national account and \$310,000 in the state account. The PAC has contributed about \$200,000 from the state account to

legislative candidates. Federal candidates, including Gov. William F. Weld of Massachusetts, Mr. Zimmer, Mr. Martini and Ms. Molinari, have each received as much as the \$10,000 limit from the Federal account.

The PAC money is being used to support Mrs. Whitman in other ways. Last year it paid to finance a study on privatization of state services for the Governor, and PAC officials said they were developing a site on the Internet's World Wide Web that would feature Mrs. Whitman. They are also planning a major event, which they still have to determine, for the Republican National Convention in August.

In March 1995, wealthy Republicans gathered at the Sheraton New York Hotel for a fund-raising dinner for the PAC. Governor Whitman, who was the guest of honor, was joined by Gov. John G. Rowland of Connecticut and Libby Pataki, who filled in for her husband, Gov. George E. Pataki of New York.

The event raised about \$1.1 million, and about \$15,000 came from employees of Goldman, Sachs & Company and Merrill Lynch, the two top bond underwriting firms in New Jersey. About \$15,000 more has been donated by bond underwriters over the last two years, Federal Election Commission reports show. Some of the proceeds from the dinner went to state and Federal candidates, but there is no way to show that the same dollars that came from bond underwriters went to the campaigns of officials who have bond-issuing authority. "It didn't trigger the ban," Mr. Taylor said. "It's only if you can trace the money."

Mrs. Whitman, who was the main attraction of the dinner and has always been featured prominently in all the PAC's literature, has influence over billions of dollars in state bonds underwritten by Goldman, Sachs and Merrill Lynch. But Lewis M. Eisenberg, the chairman of the PAC and a former senior partner at Goldman, Sachs, said "there was nothing wrong" with the contributions from the investment bankers because Governor Whitman had no official role in the PAC at that time.

"These were my friends," Mr. Eisenberg said. "They gave \$4,000 or \$5,000 each." The restrictions on bond underwriters did not apply, he said, "because Governor Whitman didn't have an official role in the committee at that time. She was the guest speaker at the dinner."

Several months later, Governor Whitman became the chairwoman of the PAC's board of governors. At the time of the dinner, Mr. Eisenberg, a confidant of the Governor, was a member of board of the Port Authority of New York and Jersey, a position he was named to by Mrs. Whitman. He has since become chairman of Port Authority and is now also the national co-chairman for finance for Bob Dole's Presidential campaign.

The contributions did not violate municipal securities rules, Mr. Taylor said, but he conceded that even with the rules, "there are a ton of ways for contributors to make themselves known to politicians." He added, "What is troubling is what troubles most Americans about the campaign finance system, not only nationally but locally, too, is the role of money, and the role of lots of money in influencing elections."

GRAPHIC: Chart: "AT A GLANCE: All Under One Roof"

A former warehouse at 741 Alexander Road in Princeton, N.J. is a superstore for state Republican politicians, handling everything from PAC contributions to



graphic design. Chart lists the organizations housed the the building and their leading members. (pg. B2)

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Friday, June 10, 1994

# NEWS

## WHITMAN ENDORSES CAMPAIGN FOR TAX CUT DUNSTAN McNICHOL

Governor Whitman gave her blessing Thursday to mail and radio campaigns by a handful of anti-tax groups supportive of the governor's plan to cut income taxes by an additional 10 percent.

Though the tax-cut plan has passed one Assembly committee and has the backing of leaders in both legislative chambers, members of the anti-tax groups say they are concerned that lobbying by unions and other "tax consumers" could still derail it.

"We the taxpayers of this state are a special interest group," argued Sam Perelli, chairman of United Taxpayers of New Jersey. "We are the most special interest group in this state."

After meeting with Whitman for about an hour Thursday, the anti-tax groups announced three campaigns to persuade lawmakers to support Whitman's next round of cuts. Whitman has already won enactment of an across-the-board 5 percent income tax cut this year.

Hands Across New Jersey has sent out 350,000 pieces of mail encouraging recipients to phone their lawmakers Tuesday and Wednesday, and the group plans to air radio ads next week supporting Whitman's plan.

The Coalition For Lower Taxes, a group founded by a Republican congressman to stump for Whitman's tax cuts, plans its own mail and phone campaign. Neither group would say how much their campaigns will cost.

"We're saying the Legislature should hear from us," said Bobby Horowitz of Hands Across New Jersey, a group that formed in opposition for former Gov. Jim Florio's 1990 tax increases. "They're hearing from the well-organized unions, the tax consumers."

---- INDEX REFERENCES ----

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ATTACHMENT 2  
Page 33 of 36

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Sunday, February 13, 1994

Hands launching petition drive for tax cut  
LENNY MELISURGO

Members of the Hands Across New Jersey anti-tax group will meet in Woodbridge tomorrow night to launch a statewide petition drive in support of Gov. Christie Whitman's income tax reduction plan.

Although the group has collected "a couple of hundred signatures," the petition drive's official kickoff will be tomorrow, said Jim Kupcho, coordinator of the Woodbridge chapter.

Kupcho said the group's goal is to collect 1 million signatures, which would send a message to legislators that Garden Staters support the Governor's tax plan.

During her campaign, Whitman promised to reduce state income taxes by 30 percent over three years.

While critics have questioned how the state would make up for the lost revenue, supporters say the state has a huge surplus that can be used.

"We don't need all that money in surplus," said Kupcho.

Aside from using surplus to help trim income taxes, Kupcho and other Hands Across New Jersey leaders are calling for the state to cut non-essential programs and services. "We have to get rid of a lot of government waste," Kupcho said.

He said state officials should take a close look at how unemployment and welfare benefits are distributed, to ensure that unqualified people don't receive them. "Some people are taking advantage of the system," he contended.

The Whitman tax-cut petition, sponsored by Rep. Dick Zimmer (R-12th Dist.) and Hands Across New Jersey co-founder Pat Ralston, will be the primary topic of discussion during the Woodbridge chapter meeting tomorrow, scheduled for 7 p.m. in the Fords Public Library, on Ford Avenue, Fords.

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ATTACHMENT 2Page 35 of 36

2/13/94 STLGRN (No Page)

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Among other topics will be the formation of new Hands Across New Jersey chapters in Old Bridge, Sayreville, South Amboy and possibly one or two other towns in Middlesex County.

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